

**OFFICE OF THE  
WASHINGTON STATE LIQUOR CONTROL BOARD  
Board Meeting /September 21, 2005**

The regular meeting of the Washington State Liquor Control Board was called to order at 10:00 a.m., on Wednesday, September 21, 2005 in the Board conference room, 3000 Pacific Avenue SE, Olympia, Washington, by Board Member Roger Hoen. Board Member Vera Ing was present. Tony Kim, Administrative Assistant to the Board summarized the minutes.

**Retail Services division – Liquor Store Lease Renewal, Store #150, Gig Harbor**  
Suzanne Lewis, Store Leasing Manager

The lease for Store No. 150, located in Harbor Plaza Shopping Center at 4814 Point Fosdick Drive NW, Gig Harbor, expired on January 31, 2005 and has been on a month-to-month extension since then.

**BACKGROUND**

Store #150 was relocated from downtown Gig Harbor to a 3,610 square foot space in its current site at Harbor Plaza in June 1989. Due to the steady increase in sales and a lack of available space, a 768 square foot addition was constructed on the back of the building in 2000. Sales have continued to grow and the adjacent 900 square foot space was recently vacated. This much-needed addition will give the store room to operate efficiently to accommodate the increased population.

**PROPOSAL**

The Lessor, John Hogan of CRH Retail Properties, has proposed a ten (10) year lease renewal in a newly enlarged 5,278 square foot space. The new rental rate will be \$10,116.17 per month, or \$23.00 per square foot per year, during Years 1-4, \$10,995.84 per month, or \$25.00 per square foot per year, during Years 5-8, and \$11,875.50 per month, or \$27.00 per square foot per year, during Years 9-10, effective October 1, 2005.

The Board will pay its pro rata share of any property tax increases over the 2005 base year.

The lease may be terminated by either party with a six (6) month written notice from the first of the month following.

The Lessor has agreed to all requested repairs and improvements, including an addition of 900 square feet, new energy-efficient lighting throughout, new flooring, and a reconfiguration of the lobby. The demising wall between the two spaces will be removed immediately so the additional space can be used this holiday season and the lobby will be reconfigured at a later date. He has also agreed to the provisions of Appendix A, "Areas of Responsibility".

## SALES HISTORY

Recent sales history for Store No. 150 is as follows:

	<u>Retail Sales</u>	<u>Class H Sales</u>	<u>Gross Sales</u>
FY2005	\$3,546,223	\$703,345	\$4,249,568
FY2004	\$3,365,651	\$659,099	\$4,024,750
FY2003	\$3,107,996	\$579,569	\$3,687,565

Sales/sq ft: FY04 = \$919 (average for all state liquor stores was \$650 for FY04)  
NOTE: Sales have shown an average annual increase of 6.4% over the last 3 years and are anticipated to increase further as the area grows.

Profitability: FY04 = 13.2% while the average profit for all state stores was 11.3%.  
NOTE: Lease renewal = 12% without any sales increase.

## ADDITIONAL DATA:

Current rental rates in Harbor Plaza are \$25 to \$28 per square foot + triple net charges.

Due to escalating lease rates in profitable, grocery-anchored shopping centers and the high cost of major tenant improvements, current lease rates throughout the area are in the low to mid \$20s per square foot.

## SUMMARY

Summary of the lease renewal for Store #150:

<u>Current Rent</u>	<u>Proposed Rent</u>	<u>Change</u>
4,378 sq ft	5,278 sq ft	+900 sq ft
\$6,147.40	\$10,116.17 Yrs 1-4	+64.6%
\$16.85/sq ft/yr	\$23.00/sq ft/yr	+36.5%
	\$10,995.84 Yrs 5-8	+9.2%
	\$25.00/sqft/yr	
	\$11,875.50 Yrs 9-10	+9.3 %
	\$27.00/sq ft/yr	

Ms. Lewis recommended approval of this lease renewal for Store #150.

Board Member Ing moved for approval. Board Member Hoen seconded the motion, and it was passed.

## **Board – Approval of Minutes**

Board Member Ing reviewed the minutes of June 21, June 28, July 12, July 13, July 19, August 9, August 10, August 16, and September 7. Board Member Ing

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moved for approval. Board Member Hoen seconded the motion, and it was carried.

**The Meeting was adjourned at 10:20 A.M.**

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Merritt D. Long  
Chairman

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Vera Ing  
Board Member

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Roger Hoen  
Board Member